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BEFORE THE ARIZONA CORPORATION COMMISSION

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MIKE GLEASON
Chairman
WILLIAM A. MUNDELL
Commissioner
JEFF HATCH-MILLER
Commissioner
KRISTIN K. MAYES
Commissioner
GARY PIERCE
Commissioner

Arizona Corporation Commission

DOCKETED

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IN THE MATTER OF THE APPLICATION
OF QWEST LD CORP. FOR APPROVAL
TO INCREASE MAXIMUM RATES ON
THE QWEST 15 CENT SINGLE RATE
CALLING PLAN

DOCKET NO. T-04190A-08-0296

DECISION NO. 70642

ORDER

Open Meeting
December 16 and 17, 2008
Phoenix, Arizona

BY THE COMMISSION:

FINDINGS OF FACT

1. Qwest LD Corp. ("QLDC") is certificated to provide interexchange telecommunications service as a public service corporation in the State of Arizona.

2. On June 6, 2007, QLD filed tariff revisions to increase the maximum and actual monthly rates in its Arizona Tariff No. 2. This monthly charge is for a long distance plan which is applicable to both interstate and intrastate calls.

3. QLDC proposes to increase its maximum and actual monthly per account charge for the QLDC 15 Cent Single Rate (residential) Calling Plan from \$.99 to \$1.99:

Qwest LD Corp.
Arizona Tariff No. 2

Calling Plan	Current Maximum and Actual Monthly Rate Per Account	Proposed Maximum and Actual Monthly Rate Per Account
QLDC 15 Cent Single Rate Plan	\$.99	\$1.99

4. These monthly charges are related to the subject of a proceeding that resulted in a Settlement Agreement approved by Decision No. 67745 on April 11, 2005. In the Settlement Agreement, Qwest acknowledged and agreed to accept on an interim basis, without prejudice, and until further Order of the Commission or until the conclusion of the Generic Docket¹, Staff's interpretation of the Arizona statutes and rules regarding tariffing of monthly recurring charges for long distance plans which are applicable to both interstate and intrastate calls. The Generic Docket was required as part of the Settlement Agreement.

5. Staff and Qwest LD Corp., its parent, and affiliated companies (which includes QCC) or their successors ("Qwest" or "the Company"), (the Parties") agreed to a settlement of the Complaint and Petition for Order to Show Cause Docket ("Docket") filed by Staff and currently pending before the Arizona Corporation Commission ("Commission"), in Docket No. T-04190A-04-0904 (hereinafter referred to as "the Staff Complaint"). The Staff Complaint alleges that Qwest LD Corp. was required to file tariff and/or price list revisions with the Commission prior to implementing a \$2.99 surcharge as part of its Qwest Choice Long Distance calling plan, which applies to both interstate and intrastate long distance calls made by Arizona customers. The terms and conditions of the Settlement Agreement were intended to resolve all of the issues associated with Qwest's implementation of the \$2.99 surcharge as part of its Qwest Choice Long Distance calling plans as set forth in the Staff Complaint.

6. On December 19, 2006, Staff filed its report in the Generic Docket. In its report, Staff recommended:

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¹ In The Matter Of The Generic Investigation Of Tariffing And Notice Requirements For Combined Interstate And Intrastate Calling Plans, Docket No. RT-00000J-05-0329

1 "...that QLDC be given the option of (1) listings all long distance
2 rates and charges within its Arizona intrastate tariffs or (2) denoting
3 within its Arizona intrastate tariffs those charges and rates which are
4 listed in QLDC's interstate tariffs."

5 "...that QLDC be given 90 days to modify its Arizona intrastate
6 tariffs accordingly."

7 "...that all intrastate long distance providers comply with the above
8 Staff interpretation of tariffing rules and statutes. Intrastate long
9 distance providers should be given 90 days to modify their Arizona
10 intrastate tariffs accordingly, if necessary."

11 7. A decision has not been reached by the Commission in the Generic Docket. Until
12 such time as the Commission makes a determination in the Generic Docket, the provisions of the
13 Settlement Agreement continue to apply.

14 8. Since QLDC proposes to increase the maximum rate for a component of a service
15 that has been classified as competitive under the Commission's Competitive Telecommunications
16 Service Rules, Arizona Administrative Code Rule ("A.A.C.") R14-2-1110 applies to QLDC's
17 proposal. QLDC provided the information required by A.A.C. R14-2-1110 to allow Staff to
18 determine the potential affects of approval of the filing.

19 9. ~~The proposed rate increases contained in this filing are for services that have been~~
20 classified as competitive by the Commission and are now subject to the Commission's
21 Competitive Telecommunications Services Rules. Under those rules, rates for competitive
22 services are generally not set according to rate of return regulation standards.

23 10. QLDC provided information in a confidential exhibit that indicated the Estimated
24 Potential Additional Annual Revenues associated with this filing are less than \$2,000,000.

25 11. The approximate customer base for this interstate/intrastate service in mid-2008
26 was less than 200,000 residential customers.

27 12. The revenue increase associated with the proposed maximum rates is less than 10%
28 of QLDC's 2007 intrastate revenues. The revenue increase also supports interstate long distance
service as well as intrastate long distance service. Additionally, QLDC provided information
indicating that its proposed rates are comparable to those of competitor calling plans.

1 13. Staff obtained information regarding QLDC's fair value rate base. Because of the
2 nature of the competitive market and other factors, a fair value analysis is not necessarily
3 representative of the company's operations. Therefore, while Staff considered the fair value rate
4 base information of QLDC, it did not accord that information substantial weight in its analysis of
5 this matter.

6 14. Additionally, in its filing QLDC submitted evidence that notice to its customers was
7 provided consistent with the Commission's requirements.

8 15. Staff has recommended approval of this filing.

9 CONCLUSIONS OF LAW

10 1. Qwest LD Corp. is an Arizona public service corporation within the meaning of
11 Article XV, Section 2, of the Arizona Constitution.

12 2. The Commission has jurisdiction over Qwest LD Corp. and over the subject matter
13 of this Application.

14 3. The Commission, having reviewed the tariff pages (copies of which are contained in
15 the Commission's tariff files) and Staff's Memorandum dated November 25, 2008 concludes the
16 tariff filing is reasonable, fair and equitable, and is therefore in the public interest.

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ORDER

THEREFORE ORDERED that the tariff filing be and hereby is approved.

IT IS FURTHER ORDERED that this Decision shall become effective immediately.

BY THE ORDER OF THE ARIZONA CORPORATION COMMISSION

CHAIRMAN

COMMISSIONER

COMMISSIONER

COMMISSIONER

COMMISSIONER

IN WITNESS WHEREOF, I, BRIAN C. McNEIL, Executive Director of the Arizona Corporation Commission, have hereunto, set my hand and caused the official seal of this Commission to be affixed at the Capitol, in the City of Phoenix, this 17th day of December, 2008.

BRIAN C. McNEIL
EXECUTIVE DIRECTOR

DISSENT: _____

DISSENT: _____

EGJ:CLA:AFF:lhmvWVC

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